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BEFORE THE SURFACE TRANSPORTATION BOARD
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C. 20423

ENTERED
Office of Proceedings

APR - 7 2011

FINANCE DOCKET NO. 35483

Part of
Public Record

CAMDEN & SOUTHERN RAILROAD, INC.—LEASE AND OPERATION
OF LINES OF CAMDEN AREA INDUSTRIAL DEVELOPMENT CORPORATION

SUPPLEMENT TO VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.31

Pursuant to 49 C.F.R. § 1150.31, et seq., Camden & Southern Railroad, Inc. ("C&S"), a non-carrier, newly-established company, has filed a Verified Notice of Exemption to lease a railway from Camden Area Industrial Development Corporation. In order to resolve various issues raised by the Board, C&S offers the following supplemental information regarding (i) the terms and conditions of the underlying Lease Agreement with the Camden Area Industrial Development Corporation ("CAIDC") and (ii) ownership of various lines of railroad and industrial track.

First, a copy of the Railway Lease Agreement ("Agreement") dated March 25, 2011 is attached hereto as **Supplemental Exhibit 1**. The Agreement clearly reflects C&S's rights and duties (see Section Four at page 3) as well as CAIDC's commitment not to "interfere with [C&S's] quiet enjoyment of the Premises nor its business operations." Section Five at page 3.

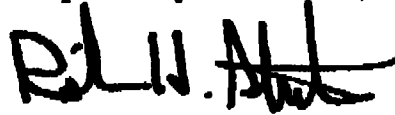
C&S also notes that its transload facilities will involve the transloading of lumber, fertilizer, medium density fiberboard, and crude oil. C&S has no intention to use the leased facilities to transload solid waste. See Verified Statement Danny Robbins.

Second, in order to clarify ownership of the various lines of railroad and industrial track, attention is invited to the map, attached hereto as **Supplemental Exhibit 2**. UP owns the main line of railroad that extends from a switch at MP 462 and loops to the south of the cluster of industry tracks listed above "International Paper Co" before turning to the north. UP also owns Track 116, which is the staging track for cars to be delivered to C&S. The northern end of that track is located just north of MP 463.¹ UP also owns the main line of the former Cotton Belt that extends from MP 337 in a northerly direction to MP 350, as well as Track 125, the Herbert Siding, and tracks 712 and 709, the Papermill Passing track and the Papermill Main.

CAIDC owns the series of private industry tracks that are identified as Track Nos. 830, 832, 743, 744, 745, 746, 747, 748, 760, 766 and 774. These tracks, which are to be leased to C&S, have never been owned by a common carrier railroad, but rather were constructed and owned by shippers. As Mr. Robbins has explained in his Verified Statement, C&S will treat Track 830 as its main line track, which will provide the means to interchange traffic with UP at UP's Track Nos. 116 and 709.

¹ The initial Verified Notice of Exemption erroneously referred to MP 464, rather than 463.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R.H. Streeter", with a stylized flourish at the end.

Richard H. Streeter
Law Office of Richard H. Streeter
5255 Partridge Lane, N.W.
Washington, D.C. 20016
(202) 363-2011
Counsel for Camden & Southern
Railroad, Inc.

Dated: April 6, 2011

BEFORE THE SURFACE TRANSPORTATION BOARD
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C. 20423

FINANCE DOCKET NO. 35483

CAMDEN & SOUTHERN RAILROAD, INC.—LEASE AND OPERATION
OF LINES OF CAMDEN AREA INDUSTRIAL DEVELOPMENT CORPORATION

VERIFIED STATEMENT DANNY ROBBINS

1. My name is Danny Robbins. I am the President and General Manager of Camden & Southern Railroad, Inc. ("C&S"). I am knowledgeable about the March 25, 2011, Railway Lease Agreement ("the Agreement") between C&S and the Camden Area Industrial Development Corporation ("CAIDC"). I not only negotiated the Agreement, but I also signed it on behalf of C&S.

2. It is my understanding and belief that the Agreement properly allows C&S, as Lessee, to perform its common carrier railroad service obligations without interference from CAIDC. In addition to providing rail service to shippers located at the various facilities that are owned by CAIDC, C&S will also perform transloading operations for its own shippers. C&S will offer transloading facilities and service for shipments of lumber, fertilizer, crude oil, and medium density fiberboard. C&S will not perform any transloading of solid waste materials.

3. The lines that C&S has leased from CAIDC are industry tracks that, to the best of my knowledge, information and belief, were constructed, owned and operated by various shippers prior to their sale to CAIDC. I have reviewed the description of the various tracks and the accompanying map in C&S's Supplement to Verified Notice of Exemption. I hereby state that, to the

best of my knowledge, information and belief, the description is accurate in all respects. It is my understanding and belief that C&S, by designating track 830 as its main line, has assumed the statutory common carrier obligation and, therefore, must receive Board approval to operate over the line and to discontinue those rail operations in the future.

FURTHER SAYETH THE AFFIANT NOT.

I, Danny Robbins, hereby declare under penalty of perjury that the foregoing is true and correct. Executed on April 4, 2011.



Danny Robbins

FINANCE DOCKET NO. 35483

**CAMDEN & SOUTHERN RAILROAD, INC.—LEASE AND OPERATION
OF LINES OF CAMDEN AREA INDUSTRIAL DEVELOPMENT CORPORATION**

Supplemental Exhibit No. 1

Railway Lease Agreement (14 pages)

CAIDC Railway Lease Agreement Final

RAILWAY LEASE AGREEMENT

This Lease agreement ("Lease") is made on March 25, 2011, between the following parties:

Lessor: Camden Area Industrial Development Corporation ("CAIDC")
 Address: 314 Adams SW, Camden, AR 71701
 Telephone: 870-838-8428
 Post to the attention of James Lee Silliman, its Executive Director

Lessee: Camden & Southern Railroad, Inc.
 Address: 4416 South Arkansas Ave.,
 Russellville, Arkansas 72802
 Telephone: 479-968-8455
 Post to the attention of Daniel B. Robbins, its President

RECITALS

- A. Lessor owns a railway consisting of approximately Seventeen Thousand Eight Hundred Thirty Seven (17,837) feet of track located at Zone JH482, Yard 06, opposite mile post 464.00, Gurdon Subdivision, Ouachita County, Camden AR, as more fully described in the Union Pacific Railroad Folder #02107-24 dated August 22, 2002, and attached hereto as Exhibit A and made a part hereof as if fully re-written herein (hereinafter "Trackage").
- B. Lessor does not operate a railroad system on that length of Trackage.
- C. Lessee desires to lease the Trackage, and other interests in land as described herein, from Lessor for operation of a short-line railroad to serve Lessor's adjoining property and for trans-load customers of Lessee.
- D. Lessor desires to lease the Trackage, and other interests in land as described herein to Lessee.

NOW THEREFORE, in consideration of the matters described above, and of the mutual benefits and obligations set forth in this Lease, the parties agree as follows:

SECTION ONE. Description of Demised Premises

1.1 Lessor leases to Lessee, its successors and assigns, the following property (collectively be referred to as either "Railway" or as "Premises" or as "Demised Premises"):

- a. Trackage. approximately Seventeen Thousand Eight Hundred Thirty Seven (17,837) feet of track located at Zone JH482, Yard 06, opposite mile post 464.00, Gurdon Subdivision, Ouachita County, Camden Arkansas, as more fully described in the Union Pacific Railroad Folder #02107-24 dated August 22, 2002, and attached hereto as Exhibit A and made a part hereof as if fully re-written herein (hereinafter "Trackage"); and

CAIDC Railway Lease Agreement Final

- b. The land or rights-of-way upon which the Trackage is located (being the width of the tie or 9 feet in width), and
- c. A periodic temporary access easement over and upon lands of Lessor adjoining the Trackage for maintenance, repair, replacement and construction of the Trackage and the rights of way; and
- d. Use in common with Lessor of Trackage crossings (formal and informal), roadways, and bridges; and
- e. Switches for the Trackage; and
- f. The ground space described on Exhibit B, and the dock described on Exhibit C, both of which are attached hereto, and incorporated herein, for Lessee's use in trans-load activities, and as its station and terminal facilities.

SECTION TWO. Term

2.1 The initial term of this Lease shall be for a ten (10) year period, beginning on the date that the Surface Transportation Board (STB) approves Lessee's operation on the Railway but in any event prior to 7/1/12 ("Commencement Date"), and ending ten years thereafter ("Initial Termination Date").

2.2 At the end of each calendar year during the lease term, beginning with the first year of the initial term of this Lease, the term of the lease and the Termination Date shall be automatically extended by one additional year under the same terms and conditions as contained herein.

2.3 Either party may terminate the automatic extension of the term and the termination date of this Lease by providing written notice thereof to the other party ninety days (90) days prior to the end of the current calendar year.

2.4 The Parties shall issue an addendum to this Lease to insert the commencement date, and Initial Termination date when the STB publishes a decision on the approval of Lessee's operations in the Railway.

SECTION THREE. Rent

3.1 Lessee shall pay to Lessor during the term of this lease ten percent (10%) of the freight revenue generated at the Premises.

3.2 On the Commencement Date, the Lessee will pay to Lessor the sum of Ten Thousand Dollars (\$10,000.00) as non-refundable pre-paid rent. Lessee shall offset the pre-paid rent against its future rent obligations until fully recouped.

3.3 Payment of rent shall be due monthly on the last Thursday of every month for the prior month's revenue car movements. Lessee shall file with Lessor a monthly inventory of the

(ATTN: Railway Lease Agreement Final

prior month's revenue car movement with Lessee's monthly rental payment.

3.4 "Freight revenue" is defined herein to mean payment for the transportation of railcars to or from an interchange, but excludes demurrage and energy surcharge payments.

SECTION FOUR. Lessee's Rights and Duties

4.1 Lessee shall have the right to use the Railway as frequently and in any manner that Lessee shall deem proper, but shall not unreasonably interfere with Lessor's and its licensees and other lessee's use of the adjoining lands.

4.2 Lessee may erect, construct or install any structures, guards or devices at Lessee's expense, to facilitate the operation or safety of Lessee's equipment on the Railway. Lessee shall provide prior notice to Lessor prior to any construction of new structures.

4.3 Lessee shall keep all rails, facilities and equipment demised to Lessee by Lessor and all equipment installed by Lessee in a clean and operational condition and in good repair and shall be responsible at its cost for the maintenance and repair of all such rails, facilities and equipment.

4.4 Lessee shall reimburse Lessor for any expenses incurred by Lessor in maintenance and repair of any of the Premises leased to Lessee.

4.5 Lessee shall not allow materials to be trans-loaded to be stored on the Premises for longer than twenty four (24) hours without prior agreement between the parties.

4.6 Lessee shall not use the Premises in such a way as to unreasonably interfere with the adjoining property or the occupants thereof.

4.7 Lessee shall use standard construction practices in the maintenance and repair of the existing Trackage and in the construction of any new tracks.

4.7.1 Lessee shall be entitled to lay and construct new track lines only upon Lessor's written approval of the path of any new track lines.

4.8 Lessee shall charge reasonable rates comparable to other ISS or handled line carrier for its demurrage and handling fees for customers.

SECTION FIVE. Quiet Enjoyment

Lessor shall not interfere with Lessee's quiet enjoyment of the Premises nor its business operations. Likewise, with all parties recognizing the nature of a railroad, Lessee shall use its best efforts to not interfere with Lessor's or its other tenant's quiet enjoyment of the property adjoining the Premises nor their business operations thereon.

SECTION SIX. Taxes

6.1 Lessor shall be responsible for and pay the real property taxes on the Premises.

CAIDC Railway Lease Agreement Final

6.2 Lessee shall pay on or before the last day on which payment may be made without penalty or interest, all personal property taxes, assessments (including special assessments) or other governmental charges that shall or may during the Lease term be imposed on, or arise in connection with its use of, the demised Premises or any part of the demised Premises or the business done on the demised Railway.

SECTION SEVEN. Utilities

Lessee shall arrange for and bear the cost of all utility services furnished to the Premises during the term of the Lease agreement.

SECTION EIGHT. Insurance

Lessee shall insure and keep insured the property of Lessor covered by this Lease, with Railroad liability insurance which provides third party liability coverage in the amount of not less than ten million dollars (\$10,000,000), naming the Lessor as additional insured. Lessee shall provide proof of insurance to Lessor at least annually and shall require its insurer to provide notice to Lessor in the event the coverage is terminated or expires.

SECTION NINE. Indemnity

Lessee shall indemnify Lessor against all liability for personal injury or property damage arising from the operation of a railroad system on the Railway and including Lessor's legal fees and costs incurred in enforcing this indemnity or in defending any action brought against it arising from Lessee's operation.

SECTION TEN. Default

Lessor may declare a default hereunder if Lessee shall:

- (i) fail to report the revenue car movement (or freight revenue if it used to calculate rent) and pay the rent required by this Lease when due and continue its failure to report and pay the rent for a period of thirty (30) days from the date of the notice from Lessor of its failure to pay; or
- (ii) fail to perform the conditions of this Lease and that failure shall continue for a period of ninety (90) days from the date of written notice from Lessor.

Upon either event occurring, then Lessor may declare a default by written notice and elect to either (a) terminate this Lease and re-enter the Premises and Lessee shall promptly surrender the Premises to Lessor and transfer operating authority to Lessor's designee, or (b) pursue an action for specific performance of this Lease, or (c) pursue an action to recover a money judgment for past due and unpaid rent, or any combination thereof.

SECTION ELEVEN. Return of Premises

Upon the termination or expiration of this lease, Lessee shall surrender the Premises and all improvements and betterments made by Lessee to Lessor. The Trackage, switches and

CAIDC Railway Lease Agreement Final

other appurtenants thereto of the railway shall be in operable condition as required by Section 4.3 herein. With the exception of all Trackage, switches and appurtenants thereto installed by the Lessee, Lessee may remove any other structures or equipment that Lessee placed on the demised Premises, at Lessee's expense, providing Lessee returns the Premises to Lessor undamaged. If Lessee does not remove any structure or equipment placed on the Premises by Lessee, Lessor shall have the option to either treat the property as belonging to Lessor, or to remove the property at Lessee's expense.

SECTION TWELVE. Notices

All notices, demands or other writings in this Lease provided to be given or made or sent, or that may be given or made or sent, by either party to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States mail, registered and postage prepaid, and addressed to the parties at the addresses shown on page 1 of this lease, or as the parties may otherwise direct from time to time.

SECTION THIRTEEN. Governing Law-Jurisdiction

This Lease shall be governed by, construed and enforced in accordance with the laws of Arkansas, and jurisdiction over any matter related to this Lease shall be in Ouachita County, Arkansas.

SECTION FOURTEEN. Time is of the Essence

Time is of the essence of this Lease agreement.

SECTION FIFTEEN. Entire Agreement

This Lease constitutes the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease shall not be binding on either party except to the extent incorporated in this Lease.

SECTION SIXTEEN. Modification of Agreement

Any modification of this Lease or additional obligation assumed by either party in connection with this agreement shall be binding only if reduced to writing and signed by each party or an authorized representative of each party.

SECTION SEVENTEEN. Severability

If any provision in this Agreement is held invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force as, if the essential terms and conditions of this Agreement for each party remain valid, binding, and enforceable. If any provision is held invalid, illegal or unenforceable, the parties agree to negotiate a revised or replacement provision.

CAIDC Railway Lease Agreement Final

The parties have executed this Lease on the day and year first above written.

Lessor
Camden Area Industrial Development Corporation

By: James L. Silliman
James L. Silliman

Its: Executive Director

Kandra Nipp
Witness

Heather Sullivan
Witness

Lessee:
Camden & Southern Railroad, Inc.

By: Daniel B. Robbins
Daniel B. Robbins

Its: President and General Manager

Kandra Nipp
Witness

Heather Sullivan
Witness

CAIUC Railway Lease Agreement Final

ACKNOWLEDGEMENT

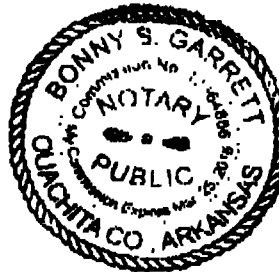
State of Arkansas)
) ss
 County of Ouachita)

On this 25th day of March, 2011, before me, Bonny GARRETT a Notary Public, duly commissioned, qualified and acting, within and for said County and State, appeared in person the within named James L. Sillman, being the person authorized by said corporation to execute such instrument, stating their respective capacities in that behalf, and to me personally well known, who stated that he was the Executive Director of the Camden Area Industrial Development Corporation, and was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that he had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

"IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this day of 25th day of March, 2011.

3/25/2018
 My Commission Expires

Bonny Garrett
 Notary Public
Bonny GARRETT
 Printed Name



CAIDC Railway Lease Agreement | Final

ACKNOWLEDGEMENT

State of Arkansas)
)
County of Pope) ss

On this 25th day of March, 2011, before me, Missy Courtwright, a Notary Public, duly commissioned, qualified and acting, within and for said County and State, appeared in person the within named Daniel B. Robbins, being the person authorized by said corporation to execute such instrument, stating his respective capacities in that behalf, and to me personally well known, who stated that he was the President of Camden & Southern Railroad, Inc., and was duly authorized in his capacity to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that he had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

"IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 25th day of March, 2011.

03/29/2014
My Commission Expires

Melissa D. Courtwright
 County of Pope
 Notary Public - Arkansas
 My Commission Exp. 04/09/2014

Melissa D. Courtwright
 Notary Public
 Printed Name

EXHIBIT "A"

Folder No. 02107-24

**INDUSTRY TRACK CONTRACT
ARTICLES OF AGREEMENT**

THIS AGREEMENT is made and entered into as of the ____ day of _____, 2002, between UNION PACIFIC RAILROAD COMPANY (hereinafter the "Railroad") and CAMDEN AREA INDUSTRIAL DEVELOPMENT CORPORATION, INC., an Arkansas non-profit organization, to be addressed at 314 South Adams, Camden, Arkansas 71701 (hereinafter the "Industry").

IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

Article I. CONTINUED USE OF TRACK; PURPOSE.

~~_____~~ 7,283 Feet of Railroad owned trackage and 10,554 feet of Industry Trackage for a total of 17,837 feet as follows:

| | |
|--------------------------|----------|
| 1. Track ICC No. 132-159 | 3,378 ft |
| 2. Track ICC No. 132-199 | 1,500 ft |
| 3. Track ICC No. V-68 | 1,588 ft |
| 4. Track ICC No. V-193 | 1,321 ft |
| 5. Track ICC No. V-170 | 271 ft |
| 6. Track ICC No. 132-160 | 1,626 ft |
| 7. Track ICC No. 132-203 | 1,843 ft |
| 8. Track ICC No. V-69 | 387 ft |
| 9. Track ICC No. 1-A | 420 ft |
| 10. Track ICC No. 1-B | 1,736 ft |
| 11. Track ICC No. 7 | 650 ft |
| 12. Track ICC No. 7-A | 970 ft |
| 13. Track ICC No. 10 | 654 ft |
| 14. Track ICC No. V-72 | 370 ft |
| 15. Track ICC NO. V-67 | 1,123 ft |

located at Zone JH482, Yard 06, (hereinafter the "Track") opposite Mile Post 464.00, Gurdon Subdivision, Ouachita County, Camden, Arkansas, as shown on the attached print dated August 22, 2002, marked Exhibit A, hereto attached and hereby made a part hereof.

Article II. OWNERSHIP OF THE TRACK.

A. The Railroad shall own the following portions of the Track

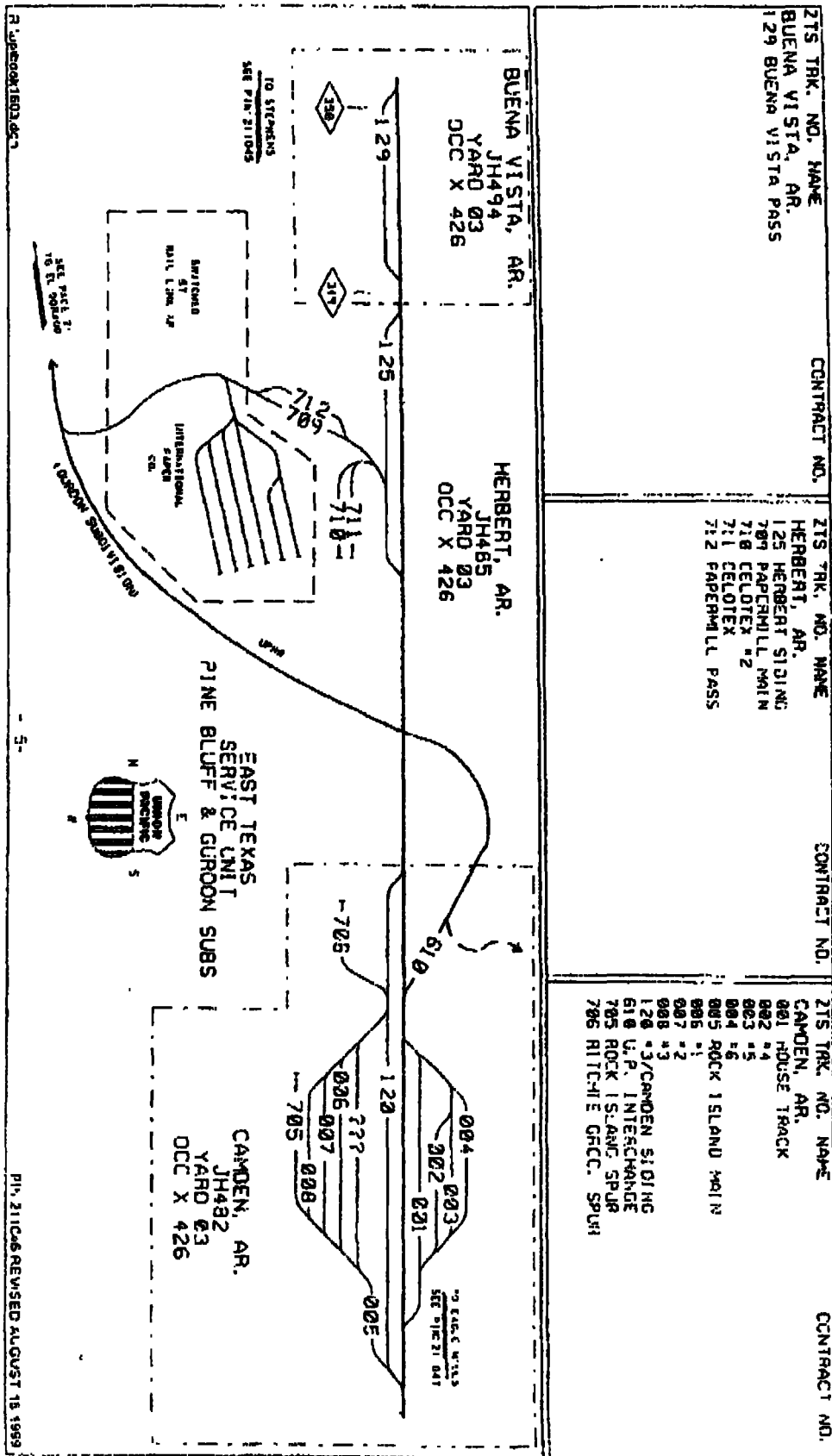
The initial switch connection to the clearance point.

B. The Industry shall own the following portions of the Track.

The clearance point to the end-of-track

* NOT EXECUTED *

Exhibit A



- 5 -

PL 211046 REVISED AUGUST 16 1999

August 24, 2012

Exhibit A

EXHIBIT "B"

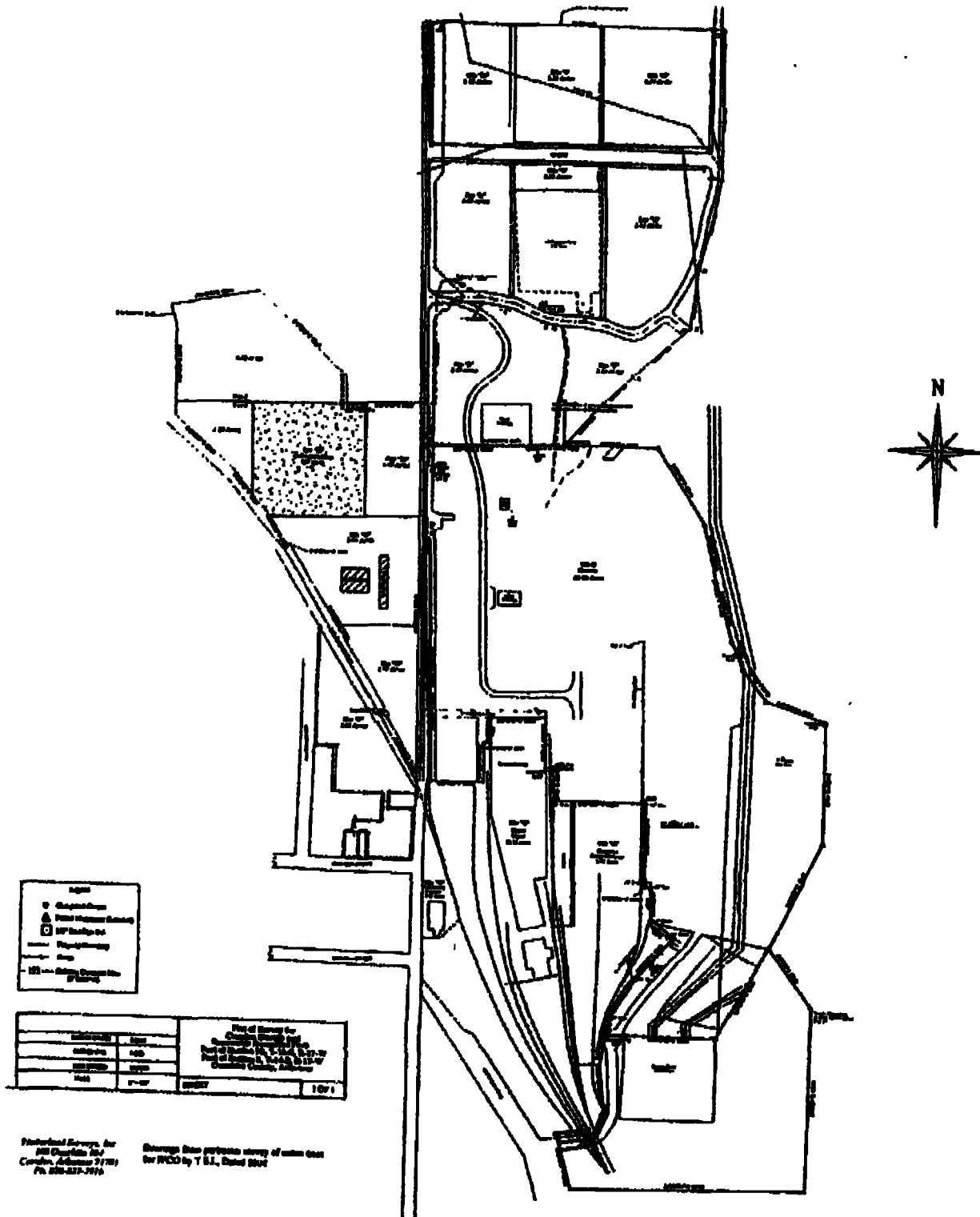
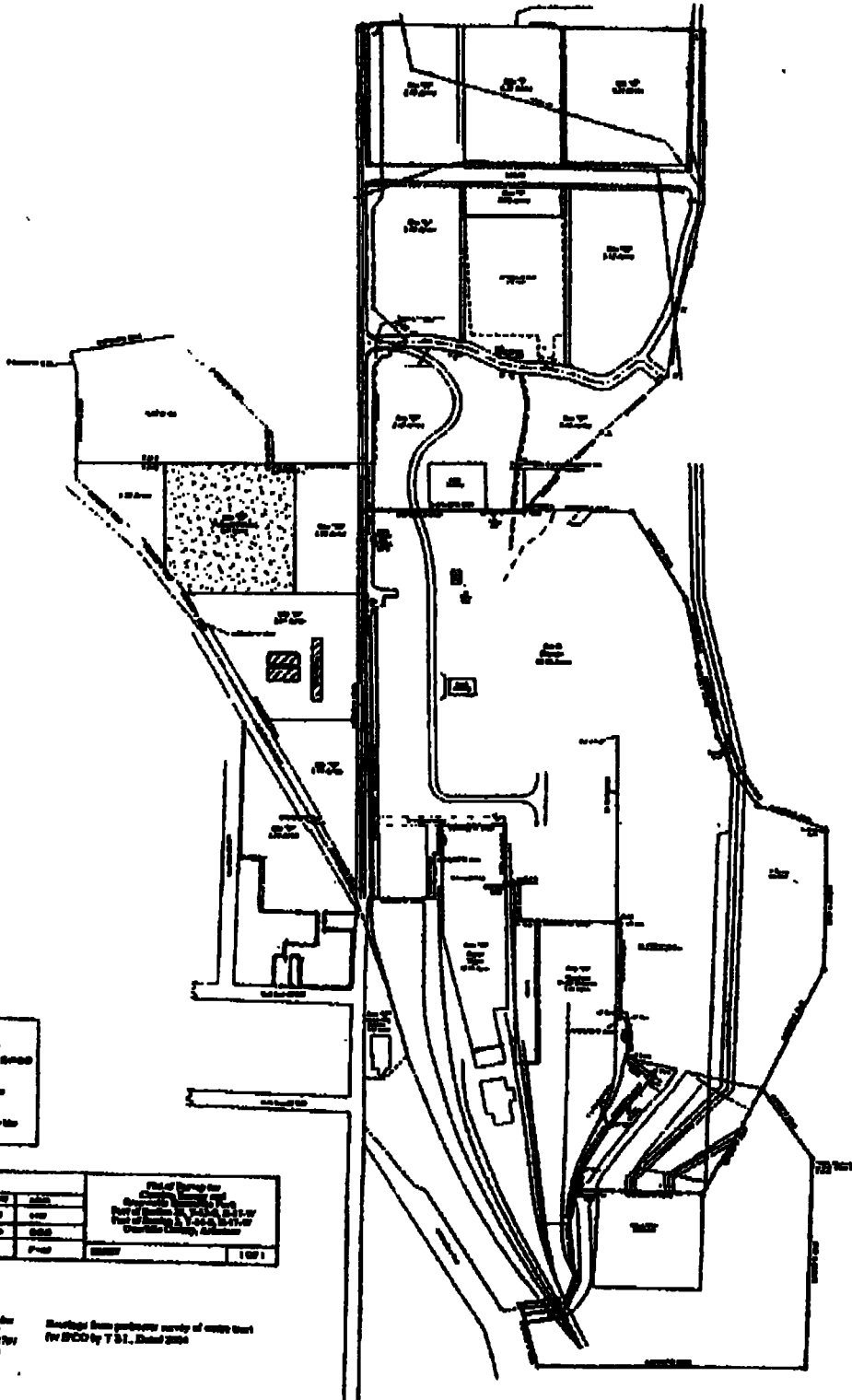


EXHIBIT "C"

Exhibit "C" is the dock access or drive through area to allow access from one side of building #4 by forklift to the other side (East to West) described as: located on the South end, inside building #4, a 25' +/- wide access from the interior South wall North, along South wall within building #4. Area is denoted on the following page on the map in yellow.

EXHIBIT "C"



| Symbol | Description |
|--------|-------------------|
| ○ | Point of Interest |
| △ | Point of Interest |
| □ | Point of Interest |
| ■ | Point of Interest |
| — | Point of Interest |
| ... | Point of Interest |

| Symbol | Description |
|--------|-------------------|
| ○ | Point of Interest |
| △ | Point of Interest |
| □ | Point of Interest |
| ■ | Point of Interest |
| — | Point of Interest |
| ... | Point of Interest |

Produced by: [Name]
 Date: [Date]
 For: [Client]
 Project: [Project Name]

FINANCE DOCKET NO. 35483

**CAMDEN & SOUTHERN RAILROAD, INC.—LEASE AND OPERATION
OF LINES OF CAMDEN AREA INDUSTRIAL DEVELOPMENT CORPORATION**

Supplemental Exhibit No. 2

Map (1 page)

| CONTRACT NO. | YARD | YARD 03 | CONTRACT NO. | YARD | YARD 03 |
|-------------------|--------------------|----------------------|-------------------|-----------------------------|-----------------------------|
| ZTS TRK. NO. NAME | BUENA VISTA, AR. | 129 BUENA VISTA PASS | ZTS TRK. NO. NAME | CULLEDALE, AR. | 116 CULLEDALE STGE |
| | | | | 830 HOUSTON MAIN | 832 HOUSTON *2 |
| CONTRACT NO. | YARD 03 | | CONTRACT NO. | YARD 07 | |
| ZTS TRK. NO. NAME | HERBERT, AR. | 125 HERBERT SLDING | ZTS TRK. NO. NAME | CAMDEN, AR. | 001 HOUSE TRACK |
| | | | | 002 *4 | 003 *5 |
| | | | | 004 *6 | 005 ROCK ISLAND MAIN |
| CONTRACT NO. | YARD 03 | | CONTRACT NO. | YARD 07 | |
| ZTS TRK. NO. NAME | 709 PAPERMILL MAIN | 710 CELOTEX *2 | ZTS TRK. NO. NAME | 006 *3 | 128 *3/CAMDEN SLDING |
| | | | | 705 ROGERS LUMBER | 706 PORT OF CAMDEN |
| | | | | | |
| CONTRACT NO. | YARD 03 | | CONTRACT NO. | YARD 07 | |
| ZTS TRK. NO. NAME | 711 CELOTEX | 712 PAPERMILL PASS | ZTS TRK. NO. NAME | 743 INTERNATIONAL PAPER CO. | 744 INTERNATIONAL PAPER CO. |
| | | | | 745 INTERNATIONAL PAPER CO. | 746 INTERNATIONAL PAPER CO. |
| | | | | 747 INTERNATIONAL PAPER CO. | 748 INTERNATIONAL PAPER CO. |
| | | | | 750 GROSS JAMES | 756 CHABELISS BRIDGE |
| | | | | 774 PAPER TIGERS | |

